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MSHDA-Legal

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Ms. Mary P. Levine
Acting General Counsel/Director Legal Affairs
Michigan State Housing Development Authority
P. O. Box 30044
Lansing, MI 48909

Dear Ms. Levine:

After reading the proposed change to the Qualified Action Plan, I am surprised and disappointed. In this time of heightened need for affordable housing in Michigan, the QAP is uniquely creating additional risks for investors that are not easily mitigated. Additionally, the plan imposes significant inefficiencies that further discourage private investment.

While there are several points that make the proposed QAP undesirable, I will concentrate on those that Comerica, as an investor, finds objectionable. First and foremost, tying the release of a project's 8609 to compliance with several contracted labor factors increases the risk to investors. Assuming all things are equal, this condition will lead to lower equity amounts raised for Michigan developments and thereby stress the other sources of financing. Increasing risks make raising capital more difficult.

In regards to the requirement of three letters of support for equity investors, this is an arbitrary requirement. The equity market today operates efficiently. It is absurd to think a deal will be better with three offers rather than one. In no other state and in no other equity market is there such an imposition on its participants. As in any equity market, a seller needs only one investor to make a deal happen, and it should be the same here in Michigan's affordable housing market.

At a time when Michigan needs its leadership to foster development in the state, the proposed QAP, in its present condition, adds burdens and obstacles. MSHDA should look for ways to entice and reward investors that are effectively supporting a significant social need throughout our state by eliminating disincentives and barriers to new investment. The affordable housing industry in Michigan needs you to replace the proposed QAP with one that encourages investment.

Sincerely yours,

